



Partners Management Group, Inc.

FF&E Purchasing • Project Management • Consulting
for the Hospitality Industry

PURCHASING AGENT PROPOSAL

THIS AGREEMENT, made and effective as of November 15, 2013, between Partners Management Group, Inc. (PMG) having its principal place of business at 8 West 38th Street, New York, NY 10018 (hereinafter referred to as "PMG") _____ having its place of business at _____ Street New York, (hereafter referred to as "Owner"); and

WHEREAS, Owner is presently in the process of renovating the Residences at _____ Street (hereafter referred to as "Project")

WHEREAS, The scope of work will require the procurement, delivery and installation of Specific custom specified and quantified Furnishings, Fixtures and Equipment (FF&E) for the above referenced areas (hereinafter referred to as "the Project"); and whereas Owner desires to retain the services of Partners Management Group, Inc (PMG) to provide Purchasing Agent Consultancy Services for Owner, pursuant to the terms and conditions of this Agreement in order to arrange for the purchase of specified FF&E.

WHEREAS, PMG desires to work with Owner and Owner's Design Professional to perform said FF&E Purchasing Agent Consultancy services for Owner in accordance with the terms and conditions and for the consideration as set forth in this Agreement. PMG agrees to source and procure the specified and quantified FF&E for the project, in accordance with such Design Specifications.

NOW THEREFORE, for and in consideration of the mutual promises and agreements herein made and other good and valuable consideration, the receipt of which is hereby acknowledged, PMG and Owner agree as follows:

I. TERM.

The term of this Agreement is from November 15, 2013 through February 28th, 2014 or such earlier or later dates as may be dictated by the terms of this Agreement PMG agrees to use due diligence in completing its services consistent with the scope and term of this Agreement. In the event PMG's services are required subsequent to February 28th, 2014 it is agreed that the term of this Agreement will automatically continue on a month to month basis until such time at the Project is completed or Owner advises that PMG's services are no longer required, whichever is earlier.

II. SCOPE OF WORK.

Source and procure, as Purchasing Agent for Owner, the FF&E, as specified and quantified by Owner's Design Professional and by Owner, to fully furnish all areas of the Project as described above.

III. FF&E & PURCHASING AGENT SERVICES

Acting, as Agent, on behalf of the Owner, PMG will utilize its purchasing expertise and experience as well as its knowledge of and relationships with manufacturers and vendors in order to source out and purchase the specified FF&E at the lowest possible prices and on the best terms available. PMG will provide the following Procurement Services:

IV. SCHEDULE OF SERVICES

1. Act as Owner's Agent

PMG shall act as Owner's Agent in connection with the procurement of certain FF&E, as specified and quantified by Owner's Design Professional, with respect to the Project.

2. Familiarization with Project.

PMG shall cause its executive officers, its principals as well as such purchasing professional(s) assigned to the Project to visit and familiarize themselves with the Project and maintain close communication and coordination with Owner as well as with designated representatives of Owner, Architect, Design Professional, Project Manager, Project Controller and such other representatives of Owner as Owner may specify.

3. Budget Estimate.

PMG will, as required, prepare initial, updated and revised FF&E Budget Estimates for Owner's review and approval, including final approved Budgets within 2-4 Weeks, depending on supplier response. Upon approval of a final Budget by Owner, PMG shall utilize such Budget to prepare, for Owner's review and approval, Bidding Guidelines so as to establish parameters for PMG's authority for bidding and negotiating the purchase prices/costs of the FF&E and related services to be purchased for the Project.

4. Bidding and Price Negotiations

PMG will use its best efforts, utilizing its purchasing expertise including its global sourcing capabilities and relationships with manufacturers and vendors, to purchase the specified and quantified FF&E/OS&E and related services at highest quality levels but for the lowest prices and best terms possible. PMG agrees to bid to a minimum of three (3) qualified vendors, on all items costing in excess of \$1,500.00, except where impractical such as in the case of Retail, Decorative, Ornate, Proprietary or Unique items selected by design professionals.

5. Preparation of Contracts and Purchase Orders

a. After completion of the Budget Process and Bidding, PMG, acting on behalf of Owner, will prepare Purchase Orders, including Change Orders, using PMG's standard form of Purchase Order or, if directed by Owner, using a form of Purchase Order selected for use by Owner. All Purchase Orders will state that Partners Management Group, Inc. (PMG) is acting solely as Owner's Agent. Each Purchase Order will be submitted to Owner for signature and/or counter signature (whether via hard copy or electronically through PMG's web based procurement system) before it is submitted to the manufacturer or vendor to whom it is issued or submitted.

b. In certain instances it may be necessary or desirable to negotiate on Owner's behalf, a contract or agreement on a form other than PMG's standard Purchase Order form (i.e. in the case of an

agreement pertaining to Delivery and Installation (D&I) or other on-site labor). In such cases specific forms of contracts will be prepared by PMG in Owner's name and submitted to Owner for review, approval and execution.

6. Establishing Credit Terms

PMG will use its best efforts, on behalf of Owner, to arrange the most favorable credit terms possible with respect to the purchase of any FF&E item. In this respect, Owner agrees to cooperate with PMG to provide such credit information and to cooperate concerning the preparation of such credit applications and related documents as may be required to apply for such terms. In the event Owner or a vendor requires payment terms based upon customary export practices, such as the issuance of letters of credit, PMG will assist in the preparation of such documents subject to Owner's review and approval.

7. Contract Administration

After issuance of all required Purchase Orders and contracts, as provided above, PMG shall do the following:

- a. Direct the manufacturers and vendors to whom Purchase Orders are issued and/or contracts submitted to send all confirmations and acknowledgements of such Purchase Orders and signed copies of contracts to PMG in order to confirm that such confirmations, acknowledgments and signed contracts do not alter the terms of the Purchase Orders and contracts approved and submitted;
- b. Review all such acknowledgments, confirmations, contracts and Purchase Orders and/or Change Orders for accuracy as to quantities and conformance with approved specifications;
- c. Maintain communication with manufacturers and vendors to monitor progress and delivery schedules in order to expedite the manufacture and delivery of all items procured for the Project.
- d. Coordinate and schedule the manufacture, delivery, and release of FF&E for all areas of the Project in a sequential and "as needed" manner, in accordance with Owner's Project Schedule. Additionally, Agent will use its best efforts to consolidate shipments of FF&E and to provide logistics support on all orders as may be necessary, appropriate, and feasible, to reduce shipping costs. (It should be noted that PMG bids out logistics, shipping, freight forwarding services in order to further ensure that Owner is obtaining the best services at the lowest costs in all areas of the FF&E process).
- e. On a monthly basis (or more frequently as may be required by Owner), review with Owner the purchase/delivery status of all FF&E items as well as Project schedule;
- f. Submit to Owner and/or Owner's Design Professionals, any and all shop drawings, color samples, fixture details and samples which are submitted to PMG for Owner's approval;
- g. Where applicable, cause vendors and or manufacturers to verify measurements on-site and to provide shop drawings which may be required by contract documents;
- h. Review all documentation submitted by manufacturers and vendors, including required guarantees/warranties and forward same to Owner together with appropriate recommendations/comments;
- i. If applicable, file freight claims and/or insurance claims on behalf of Owner;
- j. Obtain necessary and required documentation from manufacturers/vendors regarding their products compliance with local and federal fire safety laws and regulations and forward such documentation to Owner;

k. At Owner's request, attend job meetings and, thereafter, if applicable, notify manufacturers, vendors, and/or trades of decisions or changes in jobsite conditions and/or progress which would effect their obligations and performance.

l. Ensure that all vendors selected to manufacture items for the Project have, in place, acceptable Quality Control procedures and standards. PMG shall oversee the Quality of all manufactured items. Such Quality Control oversight shall include but shall not be limited to having PMG representatives visit and inspect the factories of potential or selected vendors to ensure the quality of all items being manufactured.

8. Reports and Accounting

During the term of Agreement, PMG will prepare and submit to Owner, on a monthly basis, any or all of the following reports so as to keep Owner fully apprised as to the status of PMG's services in connection with the Project:

a. Master Order Tracking Report:

Lists all FF&E and/or services being purchased indicating quantity, vendor, budgeted costs, Purchase Orders issued, dates of Purchase Orders, Purchase Order costs, invoices received, dates of invoices and amounts, freight charges and sales tax, if any;

b. Schedule of Non-Purchased Items:

Lists all specified FF&E items remaining to be purchased and the value thereof;

c. Budget Analysis:

Compares actual purchase price of all items as per Purchase Orders issued against the amount budgeted for same;

d. Invoice Payment Reconciliation:

Lists vendors as to Purchase Orders, invoices and amounts paid (merchandise, freight and taxes). This report allows Owner to be apprised at all times of the various payments made to date, and of amounts yet to be paid;

e. Delivery Schedule:

Indicates items still to be delivered listed according to vendor, Purchase Order, item description and projected shipping date.

9. Coordination of Installation and Delivery of FF&E/OS&E

PMG will be responsible for recommending qualified contractors to submit proposals for the warehousing, delivery and installation (D&I) scope of services for the Project and for overseeing the tender process. PMG shall prepare, for Owner's review and approval, a form of D&I Services Agreement which Agreement shall set forth the duties and responsibilities (Scope of Services), as well as the compensation, of the D&I Contractor. Throughout the term if the D&I Agreement, PMG shall arrange for the contracted D&I Contractor to deliver and install the FF&E/OS&E purchased by Agent on behalf of Owner shall be responsible for the costs/services provided by the D&I Contractor, which costs shall include but not be limited to the following: costs of the warehousing/delivery and installation of the FF&E/OS&I purchased for the Project; receiving, inspecting and inventorying all FF&E/OS&E received at the warehouse, preparation and maintenance of warehouse receiving and inventory documents/reports, documentation of damages, preparation/submission of insurance/damage claims, delivery and installation of

FF&E/OS&E to and throughout the Project site in accordance with the approved Design Drawings; Assembly, setting in place, leveling, affixing, and securing the FF&E as per drawings and specifications provided by Owner's Design Professionals; Coordination of Scope of Services with the applicable trades to establish and adhere to an FF&E installation schedule which schedule shall coordinate the timing and sequencing of the installation of FF&E in accordance with Contractor's Construction Schedule; Clear and remove all rubbish and packing materials accumulated as a result of the installation to a designated location on the job site.

Provide such other services as are necessary and proper to the completion of the Project on time and within the approved Project Budget.

10. Payment of Vendor Invoices

If requested to do so by Owner for the additional fee specified below, PMG shall undertake the responsibility to process and pay for all of the accounts payable invoices and requisitions generated by the vendors and trades retained by PMG on behalf of Owner.

To administer such a program, PMG shall perform the following services on Owner's behalf:

- a. Periodically, on an as-required basis, prepare and submit to Owner a detailed cash flow schedule listing the funds required to satisfy and pay the required deposits and/or accounts payable which become due over a specific period. The schedule would include, among other things, any unissued funds from a prior draw (if applicable), required deposits to be made, the list of vendors/trades to be paid as to Purchase Order and date based upon the negotiated and agreed upon payment terms.
- b. All funds received by PMG, based upon the cash flow schedule, shall be deposited in a separate bank account established by Agent in a prime New York bank which account shall be dedicated to the Project. The checks issued to draw funds from such account shall be signed by signatories of PMG approved by Owner.
- c. The actual amounts to be paid shall be based upon PMG's audited invoices. PMG's purchasing agents shall check each invoice so as to determine that the item specified and payment terms conform to the terms of the Purchase Order. In cases other than with respect to deposits, PMG shall only issue payment so long as, in conjunction with the invoices, PMG receives a bill of lading indicating delivery and receipt of the merchandise in good condition.

11. On-Site FF&E Project Management Services (Optional)

At the request of Owner and for the additional fees stated below, PMG will assign a PMG representative to act on Owner's behalf as an On Site FF&E Project Manager with respect to the installation of the specified FF&E. The On Site Project Manager's duties and responsibilities shall include:

- a. On a daily basis will supervise the installation contractor's work with respect to the Project. Additionally, will arrange, coordinate and monitor the delivery and installation of the FF&E so as to ensure that such installation and such FF&E is in accordance with the drawings and specifications as well as the Project Schedule.
- b. Become fully acquainted with all job site conditions which may affect the progress of the installation and advise all appropriate parties accordingly.
- c. Discuss and consult with pertinent parties, including but not limited to Owner's design professionals, concerning the progress of the Project.

- d. Review all FF&E as it is delivered and installed for defective material and/or workmanship.
- e. After completion of an FF&E related "punch list" by Owner's design professional, take the necessary actions to ensure that all defects are promptly corrected by the appropriate vendor/trades.
- f. Provide such other on site project management services as may be necessary and appropriate to ensuring that the purchased FF&E and OS&E are properly received, inspected, delivered and installed in accordance with Owners Project Schedule and in accordance with Owner's Project Budget.
- g. Attend all onsite project meetings to ensure coordination between the work of the General Contractor and other subcontractors with respect to all issues relating to FF&E and OS&E.

V. FEES

1. FF&E/OS&E Purchasing Fees.

PMG's fee/compensation, as Purchasing Agent, shall be as follows:

Fee for purchasing the specified and quantified FF&E Procurement to be Eight Thousand Five Hundred and 00/100 Dollars (\$8,500.00)

This fee of (\$8,500) shall be paid to PMG in three (3) equal monthly installments each in the sum of (\$ 2,833.33) Dollars over the term of the Project with each such installment due and payable in advance on the fifteenth (15th) day of each month.

It is understood and agreed that, in the event the Project Term is extended beyond the agreed term months, PMG shall continue to be compensated on a monthly basis, in the same amount as was due and payable, until such time as the Project is completed or Owner advises that PMG's services are no longer required.

It is understood that, with the above Total Procurement Services Fee, PMG shall provide its services with respect to the procurement of all FF&E required for the project either at the Project Site or at another location to be selected by Owner.

2. Vendor Payment Services (Optional Service)

We recommended optional costs of Vendor Payment Services as described above, PMG shall be compensated for such services, as additional compensation) in the amount of Five Hundred and 00/100 Dollars (\$500.00) per month.

3. Payment of On Site FF&E Project Management Services (Optional Service)

In the event Owner requests that PMG provide the services of a qualified On Site Project Manager to supervise the delivery and installation of the FF&E for the Project, Owner shall compensate PMG in an amount to be negotiated between the parties.

4. Reimbursables

In addition to the above FF&E Purchasing Agent fees, PMG shall be reimbursed, on a monthly basis, for reasonable out-of-pocket costs incurred in the performance of its services, such as the cost of special handling and the reproduction of drawings, specifications and reports. PMG shall also receive its out-of-pocket costs for travel undertaken by its representative(s) in the performance of its obligation; however PMG will not undertake any travel without Owner's prior approval. All reimbursable expenses are billed at cost with no mark up.

VI. TERMINATION

1. Termination:

Either Party may terminate this Agreement immediately if the other Party shall be in default of any of the provisions hereof and shall not have cured such default within thirty (30) days after receipt of written notice of default; provided, however, if any non-monetary default is not capable of being cured within such time period, such party shall be afforded additional reasonable time not to exceed thirty (30) days within which to cure so long as it has commenced efforts to cure such default within the initial thirty (30) day period and continues diligently thereafter to affect such cure. Either party may terminate this agreement immediately in the event the other party becomes insolvent (as such term is defined by the United States Bankruptcy code) enters into bankruptcy proceedings under the bankruptcy laws or if any such action is taken against a party by another which action is not dismissed within thirty (30) days from the filing thereof. Termination pursuant to this provision shall be without prejudice to such other rights and remedies which the terminated party may have.

VII. GENERAL CONDITIONS

1. General Provisions

a. Entire Agreement. This Agreement may be amended only by written instrument signed by both Owner and PMG. Owner and Agree that the terms of this agreement constitute the complete, exclusive and final expression of their understandings with respect to the specific subject matter and terms addressed hereby.

b. Best Efforts. PMG shall use its best efforts to perform its obligations hereunder. PMG shall be responsible to monitor the adherence of vendors to all specifications and schedules. In the event PMG becomes aware of any deficiencies, PMG shall use its best efforts to have such vendors/manufacturers remedy such deficiencies. In the event PMG becomes aware that a vendor or manufacturer can not or will not perform its obligations in accordance with the terms of a Purchase Order, PMG shall present Owner with alternate sources for such FF&E item as expeditiously as possible after learning of same.

c. Ethical Standards.

- 1 In connection with the performance and obligations under this scope of work, PMG agrees that it will not, in any way, whether directly or indirectly (i.e. whether directly or through any agents subsidiaries, affiliates or individuals of any type or kind) accept or pay any undisclosed commissions, fees or awards of any kind from contractors, sub-contractors, product vendors, service vendors, or any other vendors ("Vendors") involved in the Project.

2. PMG will disclose to Owner all known and potential cash or non-cash benefits, such as rebates, discounts, fees, charges or coupons received by PMG, or by any agents, subsidiaries, affiliates or individuals, from Vendors who may be used on this Project.

Notwithstanding the above, if rebates, discounts, fees, charges or coupons are in fact realized on this Project, then PMG within ninety (90) days after year-end, shall turn over the rebates, discounts, fees, charges or coupons (and other non-cash benefits) to Owner. At the request of the Owner, PMG may be required to issue a certificate of compliance with the Ethical Standards specified in this Paragraph.

d. Owner Approvals. Whenever Owner's approval and/or signature is required, it shall be given promptly and shall not be unreasonable withheld or delayed.

e. Agent's Liability Insurance. PMG shall maintain, throughout the term of this Agreement, comprehensive general liability insurance with coverage of not less than \$1,000,000.00. At Owner's request, PMG shall furnish Owner with a certificate of insurance evidencing such coverage.

f. Authorized Representatives. Owner and PMG shall each designate, in writing, one or more individuals to serve as the respective representatives thereof with respect to the giving or making of any and all approvals, consents, decisions, designations or other acts required or permitted under this Agreement. The action of any such representative shall be conclusively binding upon the party designating such representative.

g. Governing Law. This agreement shall be deemed an Agreement under the laws of the jurisdiction in which the Project is located and shall be governed and construed in accordance with the laws of such jurisdiction.

h. Restrictions on Assignment. This is a personal services contract and is not assignable, in whole or in part, by PMG without Owner's express prior written consent which may be conditioned, if given, upon such terms as the consenting party may require. Owner may assign this Agreement, in its sole discretion upon not less than thirty (30) days written notice to PMG.

i. Binding/Counterparts. This agreement shall be binding upon Owner and PMG and their respective heirs, legal representatives, successors and permitted assigns. This Agreement may be signed in original and counterpart form and any signed counterpart may be used as an original for all purposes.

j. Representations of Owner and Agent. Owner and PMG represents that each has the full power and authority to enter into and perform its obligations under this Agreement.

k. Waivers. The waiver of either party of any breach or violation of or default under any provisions of this Agreement shall not be deemed a continuing waiver of such provision or a waiver by such party of any other provision or of any subsequent breach or violation of this Agreement or default hereunder.

l. Notices. All notices or other communications required or permitted hereunder shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested or sent by facsimile or delivered via Federal Express or similar courier service to the address set forth above and shall be deemed received upon actual receipt or it mailed, four (4) business days after deposit in the mail. Any notice, request, demand direction or other communication sent by facsimile must be confirmed within forty-eight (48) hours by letter mailed or delivered in accordance with the foregoing.


IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date written above.

_____ (Owner)

By: _____

Title: _____

Partners Management Group, Inc. as Purchasing Agent

By:  _____

Oren Whitfield

Title: Director of Procurement Services